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EDIC/M-9  
Control No.  
4 May 1955

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 9th Meeting

10:15 - 12:15, 28 April 1955

PRESENT

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[REDACTED]

Lt. Col. Brown, OSD  
Mr. Wood, G-2  
Mr. Reiss, Commerce  
Mr. Herman, Commerce  
Mr. Blaser, Treasury  
Mr. Tilson, FOA/NDAC  
Miss Lincoln, FOA/NDAC  
Mrs. Young, State/ECD  
Miss Worthing, State/OIR  
Mrs. Rado, State/OIR

1. SURVEILLANCE OF DECONTROLLED COMMODITIES

Discussion - The Acting Chairman reviewed action taken at the last meeting, recalling that three ways of gathering information required for such surveillance had been suggested: bilateral approach to COMCON members; attache reporting; and tapping NDAP contractors. At that time members had been asked to survey their respective agencies to determine "whether sufficient information was available to warrant an overall study of Soviet bloc orders for all decontrolled items." The Commerce and OIR members had been asked, additionally, to inquire into particular aspects of the problem as regards items in List A of JOC Document No. 54 Supplement 2.

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Regarding List A items: The Commerce member provided a memorandum incorporating trade statistics information on IL items 2635 and 1820, and the names of selected electronics tube manufacturers. He pointed out the difficulty of finding information on specific decontrolled items in the broad "basket categories" of trade statistics. Commerce, however, will provide the Department of Defense with the names of manufacturers and exporters of List A items.

The OIR member also indicated the difficulty of obtaining trade information on decontrolled items but declared that State would be willing to make a special collection effort on selected items of particular importance. State reported that trade agreements do not provide desired information in sufficient detail.

The OSD member stated that the Department of Defense will make an effort to obtain information on trade in List A items from its MDAP contractors who may be included in the list to be furnished by Commerce. The G-2 member suggested, however, that little pertinent information should be expected from this source since U.S. officers assigned to the MDAP plants are not responsible for following trade in materials produced by these offshore contractors.

The Executive Secretary reported the availability of information on the subject in CIA. He indicated that information can be obtained from the Industrial Register of OCD only with difficulty since industrial

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data for each country and for each industrial firm within each such country is listed only in broad categories. CIA will nominate additional items for inclusion in List A following completion of a survey on items in lists B and C of the JOC document. Little trade data is available in CIA on the specific items listed in the JOC document and there is considerable variation in availability from commodity to commodity.

Regarding the utility of an overall study on trade in decontrolled commodities: Mr. Herman reported that preliminary inquiry on availability of information has been made but that Commerce can assume this work only if the problem is narrowed. Mr. Reiss observed that such an exercise would appear somewhat academic in view of the large quotas which have been established for List II items. He added that one benefit to be realized from such a study, however, would be a renewed awareness on the part of the intelligence community as to the need by Commerce for information on a vast array of commodity items.

The OIR member felt that such a study would be generally unproductive and most members agreed that information is not precise enough to warrant an overall study at this time. The WDAC member cautioned, however, that the Dodge Council is certain to ask WDAC and the intelligence community for information on the consequences of the 16 August decontrol,

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particularly concerning so-called "last-ditch" items. He declared that the JOC request must be treated as an Executive Committee request and that EDIC must explore every possible avenue to obtain the desired information.

Action - The Commerce member was requested to provide the OSD member and the Executive Secretary with a list of manufacturers and exporters of List A items. Defense will then endeavor to obtain information from any such firms holding MDAP contracts. The Executive Committee will then be advised of the EDIC action and further guidance will be sought.

2. PATTERN OF SOVIET BLOC STRATEGIC EXPORTS TO THE WEST

Discussion - In accordance with action proposed at the last meeting, a CIA statement on "Exports of Capital Equipment and Industrial Materials from the Soviet Bloc" (EDIC/ID-13) was distributed. This paper provides a tabulation of selected imports by Belgium-Luxembourg from the Soviet bloc during 1953-54 of items which, although not established as being on the International Lists, would appear to fall within control categories.

Action - Members were requested to furnish comments on this paper directly to [REDACTED]. A revised EDIC list will be furnished to the Executive Committee and guidance requested as to the utility of studying in greater detail the Soviet bloc export pattern.

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3. RESEARCH PROGRAMMING FOR ECONOMIC DEFENSE

Discussion - The Acting Chairman referred to the work of the

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██████████ Special Working Group and to Mr. Tilson' memorandum on the subject. He reported that agency comments on this memorandum had been requested, that CIA/RE had prepared such comments, and that it might now be appropriate for EDIC to "package" comments from the several agencies for Executive Committee review.

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Mr. Tilson explained action taken by the Wright group, indicating that the project has three phases: research on the bloc; economic relations between the bloc and free world; and, special aspects of East-West trade. The ██████████ group has agreed that it is not desirable to commit the research capabilities of the intelligence community to a pre-determined pattern since ad hoc requirements are certain to arise from time to time. Mr. Tilson suggested that the action agencies must make a conscientious effort to improve their relationship with intelligence-producing elements and that intelligence, for its part, must assume a more active role in the formulation of requirements, anticipating the needs of action agencies.

The Acting Chairman supported the view that there must be a "marriage" of action and intelligence agencies engaged in economic defense. With regard to pre-planning of research, he declared that work ~~can~~<sup>be</sup> scheduled on several economic defense topics of continuing interest such as gold movements and balance<sup>5</sup> of payments.

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The OIR member suggested that it would be unwise for EDIC to enter the picture at this time, noting that the [REDACTED] group had been established with the specific intent of making action elements aware of their responsibilities for programming research requirements. 25X1A9a

Action - It was acknowledged that a closer relationship should be established between the action and intelligence elements in programming of research. EDIC action on this matter, however, will be postponed pending completion of action now being taken by Mr. Tilson and the [REDACTED] group. 25X1A9a

#### 4. FUNCTIONS AND OPERATIONS OF EDIC

Discussion - As agreed at the previous meeting, the Executive Secretary distributed his "Balance-Sheet of EDIC Accomplishments and Shortcomings Under its Terms of Reference" (EDIC/AM-10). The Acting Chairman suggested the formation of an EDIC subgroup which would study this paper and refer its conclusions and recommendations to EDIC for further review.

Several members suggested deferring an evaluation of EDIC in view of consideration being given to reorganization and amalgamation of several EDAC working groups, and until the conclusions of the Dodge Council review of East-West trade policy are made known. Miss Lincoln, however, urged that this matter be explored at this time and that consideration be given to EDIC support of the several EDAC problems, such as trade tactics.

Mr. Tilson declared that the question to be examined is the bypassing of EDIC in the intelligence support program and what can be done about it.

Action - A subgroup on EDIC Functions and Operations was established with [REDACTED] as Chairman. EDAC, Commerce, Defense and State (ECD and OIR) are to nominate members to this subgroup, which will report

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5. OTHER INTELLIGENCE MATTERS

a) Intelligence Request No. 5 - Pending Bloc Shipbuilding Orders

The Executive Secretary distributed this request of FOA/NDAC and State/ECG for information to be used by EDAC in its consideration of current COCOM merchant shipping control proposals. He explained that the information, which has been requested on a Confidential basis, is available in CIA under Secret classification. This data will not be formally coordinated in EDIC but will be transmitted to the requestors through the EDIC channel.

b) The Executive Secretary reported the request of the Executive Secretary of JOC for attendance by Mr. Henry Shavell of the ACEP Staff as a JOC "observer" at EDIC meetings. It was agreed that Mr. Reiss would discuss this matter with members of the ACEP Staff and advise the Executive Secretary, EDIC.

25X1X7 c) Briefing [REDACTED] - The Acting Chairman reported  
25X1X7 the recent briefing [REDACTED] (see details in ED/EC M-165  
of 22 April 1955). He reminded the members that no reply had been forthcoming from the USDEL to the requirements transmitted requesting clarification  
25X1X7 of the [REDACTED] proposal for exchange of information on China trade.  
(ref: CA 5316 of 14 February 1955)

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d) Distribution of Papers - The Executive Secretary distributed:

State IR 6890 - Soviet Foreign Trade: Policies, Performance and Prospects  
State IR 6539 - Basic Factors in Free World Shipping and Shipbuilding of Significance to the Strategic Controls Issue  
State IR 6864 - Recent Indications of Change in Soviet Trade Policy  
State IR 6856 - Recent Trends in East-West European Trade  
25X6A State IR 6866 - Present [REDACTED] Attitudes toward Bloc Vessel Orders  
State IR 6880 - Recent Sino-Soviet Economic Efforts to Penetrate Non-Communist Asia  
25X6A State IR 6527R- [REDACTED] Trade Expansion

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